

SUPPORT FOR MICROENTERPRISE AND SMALL BUSINESS DEVELOPMENT IN EL SALVADOR

(TC-99-08-00-2)

EXECUTIVE SUMMARY

Executing agency:	The Ministry of Economic Affairs, acting through the Comisión Nacional de la Micro y Pequeña Empresa (CONAMYPE) [National Microenterprise and Small Business Commission].	
Beneficiaries	Microentrepreneurs and small businessmen in El Salvador.	
General objective:	To support the introduction of mechanisms to facilitate and promote the development of microenterprises and small businesses (MSBs).	
Specific objectives:	The specific objectives are to: (i) support the implementation of an institutional and policy framework that facilitates the procedures for the formalization and operation of MSBs; (ii) develop a mechanism for coordination and information-sharing among the public and private sectors and cooperation agencies for more effective use of their resources in activities to benefit MSBs; and (iii) promote the introduction of research and information systems to benefit microentrepreneurs and small businessmen in their decision-making process.	
Amount and source:	Modality: Cofinancing: MIF (Facility I): Total:	Grant: US\$ 370,000 <u>US\$ 850,000</u> US\$1,220,000
Terms:	Execution period: Disbursement period:	24 months 30 months
Special contractual conditions:	Prior to the first disbursement, CONAMYPE will present the following to the Bank's satisfaction: (i) a legal report describing the constitutional provisions, laws and regulations governing the validity and entry into effect of the agreement between the Bank and the Republic of El Salvador (see paragraph 4.2); (ii) evidence that the project director has been hired (see paragraphs 4.5 and 5.3); (iii) terms of reference for the international advisor (see paragraph 4.5); (iv) work program for the project containing semiannual operating targets and budgets (see paragraph 4.6); and (v) evidence that a budget allocation has been set aside to enable CONAMYPE to provide the counterpart funds for the first year of the project (see paragraph 5.2).	

Prior to disbursing the funds for the component on the regulatory and policy framework for the sector, CONAMYPE will present the following to the Bank: (i) results of consultations with the different sectors involved in MSB activities regarding the policy paper on support for the sector, prior to approval of the document by the government; (ii) a copy of the policy paper on support for MSBs approved by the government, through the Ministry of Economic Affairs; and (iii) a plan, with semiannual operational targets, for implementing the process of administrative simplification of MSB formalization requirements that do not involve legal modifications. Disbursements under the component will be subject to fulfillment of the targets established in this plan (see paragraph 8.2).